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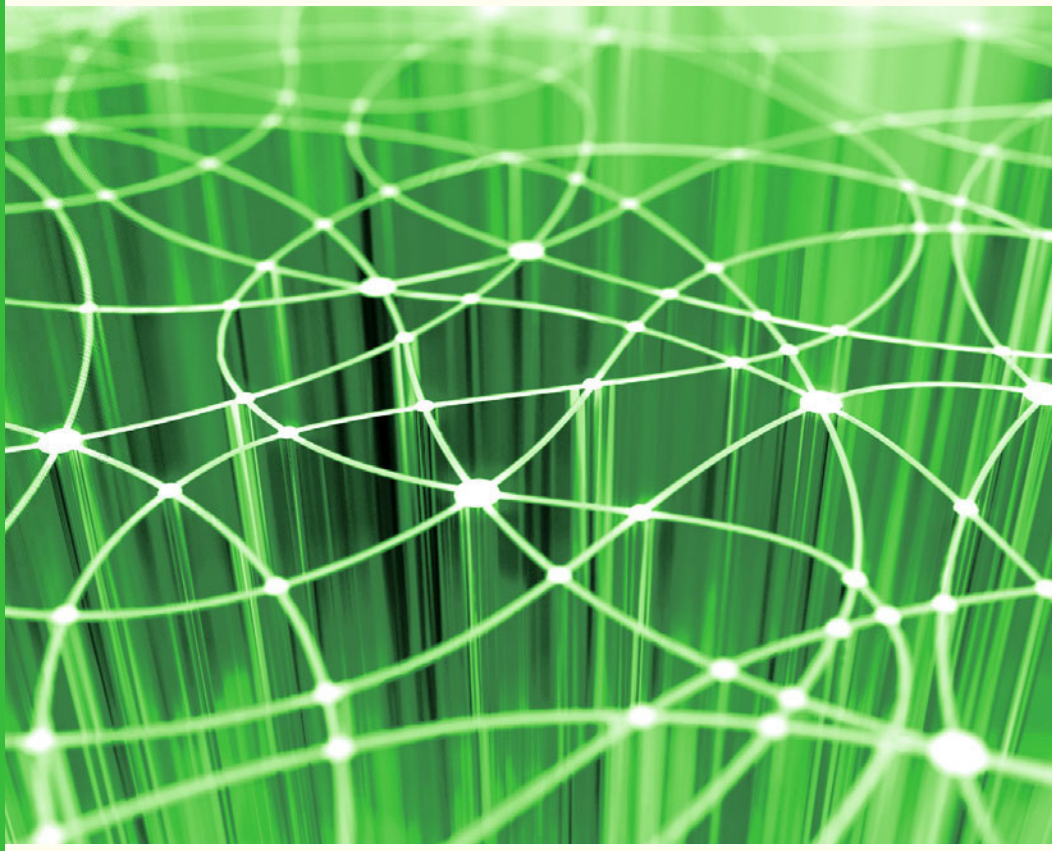

DECENTRALIZATION AND GOVERNANCE CAPACITY

The Case of Turkey

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Public Sector Organizations

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Evrim Tan

Decentralization and Governance Capacity

The Case of Turkey

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to
Vjosa Musliu and Nora Tan.

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Abbreviations

AKP	Justice and Development Party
BDP	Peace and Democracy Party
CHP	People's Republican Party
CSO	Civil Society Organization
EC	European Commission
EU	The European Union
HDP	People's Democratic Party
HR	Human Resource
HRM	Human Resource Management
ICT	Information and Communication Technologies
IMF	International Monetary Fund
LAR II	Local Administration Reform in Turkey Phase II
MDG	Millennium Development Goals
MHP	Nationalist People Party
NGO	Non-Governmental Organization
NPG	New Public Governance
NPM	New Public Management
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organization for Economic Co-operation and Development
SDG	Sustainable Development Goals
SEE	State Economic Enterprises
SIGMA	Support for Improvement in Governance and Management
SPA	Special Provincial Administrations
SPO	State Planning Organization
TSE	Total Survey Error
UNDP	United Nations Development Program
WTO	World Trade Organization

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CHAPTER 1

Introduction

Decentralization and Capacity. A Chicken and the Egg Situation?

In the second half of the twentieth century, the literature on public administration witnessed a rapid transformation in methods and in ways of thinking. This transformation has altered the Weberian state relying on the hierarchical state structure and functioning. Particularly, the embodiment of neoliberal principles in Thatcher and Reagan's public policies paved the way for inclusion of private sector originated principles and techniques into the realm of public administration. New concepts such as deregulation, privatization, and adoption of management principles have occupied the public administration literature, and the field of public management has emerged as a separate branch of public administration. This change in the literature took another turn in the 1990s with the rise of another influential concept, *governance*. Nowadays, governing the society incorporates horizontally public, private, and civil society organizations on the one hand, and vertically local, regional, national, and supranational state organizations on the other into a complex, reticular set of relations. Hence, what used to be a unidimensional relationship between citizen and the state has turned into a multidimensional realm with various interactions among different actors.

Shifting understanding in the way of governing society necessitated local government to incur new roles and responsibilities in public governance. In this juncture, decentralization has become a fundamental

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part of the governance literature. It is widely acknowledged that decentralized governance contributes both to democracy and also to the efficiency and effectiveness of public services. Although decentralization policies and the degree of decentralization vary across country cases, it is expected that decentralized authority and responsibilities provide in return some advantages to governance system, such as effectiveness, efficiency, better service quality, empowerment of different segments of the society, economic growth, democratization, accountability, and even in some cases security (Rodden 2004; Pollitt 2005; Sharma 2006; Treisman 2007). So far, many studies have been conducted to evaluate the effectiveness of decentralization policies in public governance. Yet, the outcomes of decentralization policies are not coherent in each case. Especially, empirical accounts from developing countries showed that decentralization could lead to higher corruption, macroeconomic instabilities, coordination problems, inefficiency, and ineffectiveness on public services (Prud'homme 1995; Litvack et al. 1998; Smoke 2003; Oxhorn 2004). Evidence indicates that decentralization can have a positive effect but only if certain conditions are met (Smoke et al. 2006).

Even though the determinants of effective decentralization policies for public governance are equivocal, one commonly agreed element is an adequate local capacity is necessary for successful implementation of decentralization reforms and for functioning decentralized governance. In that sense, many international donor organizations (e.g., UNDP, World Bank) have undertaken extensive capacity building programs in developing and transition countries to assist them in policy implementation within and after decentralization reforms. Yet, capacity is an elusive concept (Brown et al. 2001) and the question of 'which local capacities are functional for decentralized governance?' remains unresolved.

Indeed, the relationship between capacity and decentralization is mostly unapprehended. Two contradicting views exist about this relationship. One view is that the preceding capacity determines the success of decentralization policies (e.g., Bahl and Linn 1992). An opposite point of view suggests a decentralized government obtains the capacity to govern in time (e.g., Rondinelli et al. 1983). In this regard, the World Bank supports the latter by stating the following;

> Rather than plan and make a large up-front investment in the local capacity building as a prerequisite for devolution of responsibility, there was a broad consensus that it would be quicker and more cost-effective to

> begin the process of devolution, to permit learning by doing and to build up capacity through practice. The evidence increasingly shows that local capacity can be built by the process of decentralization, particularly when appropriate programs to increase interaction with the private sector are included in decentralization design[1]

This debate is not only limited to academic circles or international donor organizations but also relevant for policy practitioners and policy makers. For instance, during a technical consultation on decentralization, Fiszbein (1997) gives the following anecdote:

> An interesting illustration of the controversies associated with these questions (i.e. whether the local level has, or can develop quickly enough the necessary capabilities) is the parliamentary debate that took place in Colombia as a new law that would create untied fiscal transfers to local governments was being discussed in the early 1980s. The mainstream opinion in Congress was that no real benefit would be derived from transferring funds and responsibilities to local governments if their lack of capacity would not allow them to manage them effectively in order to improve the quantity and quality of services offered to the population. Interestingly enough, the proponents of the law -that would eventually be passed by Congress- did not try to argue that such capacities indeed existed. Rather, their argument was that only if fiscal resources and responsibilities for service delivery were transferred to local governments would those capabilities develop, as it is only if and when faced with concrete challenges that local institutions would acquire them (Galan [1990]).
>
> In fact, at least for some of the Colombian reformers, the creation of local capacity -- understood as the consolidation of democratic state and civic institutions particularly in more than 800 rural municipios-- was an objective rather than a condition for decentralization. Almost a decade later, Bolivia would follow a similar path, and similar discussions can be found in post-civil war debates in several countries in Central America.

Twenty years after, this debate still remains lively and unabated. The global trend shows that states extensively embrace different forms of decentralization reforms with the aim of improving public governance. It is widely assumed that the relationship between governance capacity

[1]Working Group 5 (Institutional Capacity) at the Technical Consultation on Decentralization and Rural Development, FAO, Rome, December 1997.

and decentralization determines the success in governance, but how this relationship function is largely contested. Does decentralization lead to improvement in governance capacities and higher governance capacities bring better governance, or are certain capacities preconditioned for decentralization to lead better governance? As the title of the section suggests, the relationship between governance capacity and decentralization is treated so far as a chicken and the egg situation. In principle, it is difficult to refute any of these arguments, as both can occur concurrently. Yet, this debate boils down to the primary question of 'which capacities are associated with decentralization?'. Addressing this question is not only an academic endeavor, but it is also vital for policy practitioners to design most effective decentralization policies.

An additional level of complexity is that the traditional modes of governance are changing parallel to the overall shift in public management. Now private sector organizations and civil society groups are taking a more tangible role and responsibility in governing the society. In this transitional stage, roles of the state and other actors are re-evaluated in terms of their legitimacy, responsibilities, and function in governance. Inevitably, these new dimensions are expanding the discussion on governance capacities for public organizations. All these systemic changes necessitate reconsidering the implications of decentralization and capacity in the broader sense of governance.

This book aims to reduce the ambiguity surrounding the subject of decentralization and governance capacity by drawing its conclusions from the empirical accounts on the Turkish local government. Turkey, a profound centralized state, has legislated various local administration reform acts since the early 2000s. Functions, roles, and responsibilities of local government have been extended with new legislation. Public services, which used to be under the jurisdiction of the central government, on health, tourism and culture, forest and environment, agriculture and village affairs, social care and children protection, youth and sports, industry, and public works have been devolved to local government. The administrative and financial autonomy of the local government is recognized, and local government is vested discretion in economic activities and fiscal borrowing. The rapid transition of local government has revived the discussions on the topic of capacity enhancement in public governance. These contemporary developments in Turkish public administration present a unique opportunity to explore the dynamics of capacity and decentralization behind better governance.

Theoretical Premises and Promises of Decentralization

Empowering the local versus the center and the vice versa has always been integral in the theoretical debates about governance. There are even authors who perceive the history of governments as a pendulum between centralization and decentralization (see Atasoy 2009; Sanderson 1995). When the term decentralization appeared for the first time in the English language in the mid of nineteenth century, it was used as the binary opposite of centralization which was largely accepted as the panacea of ineffective, bad governance in the post-Napoleonic Europe (see Young 1898). Tocqueville, one of the earliest supporters of decentralization, challenged this idea arguing that decentralization is not only better for democratic principles but also better for efficient and effective governance and thus contesting the key argument of the supporters of centralism. Even though the supporters of decentralization had been marginal until the second part of the twentieth century, both concepts—decentralization and centralization—have prevailed in academic circles. New battlefields were discovered to argue which concept provides the best alternative to democracy building, management, economics, and development. In the second half of the twentieth century, the balance has tipped toward decentralization, and decentralization has taken the upper hand in this long rivalry as the best alternative for governance in the post-nation-state and globalized world system. Once decentralization was acknowledged as the best alternative, the debate on whether decentralization or centralization is better for governance, shifted into the debate of diagnosing the conditions for the best outcomes in decentralized systems.

The theoretical premises of decentralization in public governance have expanded parallel to this conceptual evolution. Cheema and Rondinelli (2007) describe three phases of the evolution of decentralization.

The first phase, in the 1970s and 1980s, was about thinking of decentralization as a form of deconcentrating hierarchical government structures and bureaucracy. After more than two decades of centralization practices following World War II, governments in both developed and less developed countries realized the limits of central economic planning and management governments. Governments started to decentralize their hierarchical structures and shifted part of their competences to local authorities in order to make public service delivery more effective. In the development literature, in the early 1980s, the promotion

of administrative decentralization had become part of the development strategies adopted by the aid agencies in developing countries (Cohen and Peterson 1999: 11). Especially, the inability of central governments in Africa to provide public services to local areas (see Kiggundu 1989) and the fall of authoritarian regimes in Latin America fostered the need for decentralization. In this phase, we see that decentralization was acknowledged as a mean to improve the organizational performance in government, preponderated in the organization (see Mintzberg 1980) and development theories.

The second phase took place in the mid-1980s and incorporated new paradigms such as political power sharing and market liberalization. In this period, decentralization was contextualized predominantly within the neo-liberalist discourse. Privatization and market liberalization were embraced by the decentralization literature.

During the third phase of the 1990s, decentralization was seen as a way of governance to wider public participation. Two important discursive developments in governance, the 'New Public Management' movement in the Western countries and the promotion of 'democratic governance' by international organizations, redefined the role of decentralization. The NPM movement defined the efficient government as 'innovative, market-oriented, decentralized and customer oriented' (Osborne and Gaebler 1992), and advocated that the efficiency in public services can only be achieved through the participation of citizens and through the teamwork among the government agencies in a decentralized governance structure. According to NPM, decentralization results in better governance, facilitate the development of more effective and efficient public sector management, increases popular participation in government, allows for better mobilization and use of resources, and encourages market-like responsiveness to the provision and consumption of public services (Hope 2000). Furthermore, 'democratic governance' has become one of the decentralization objectives. This policy has been foremost in the promotion of 'subsidiarity principle' by the EU and in the promotion of 'good governance' by the international organizations including the IMF, World Bank, and UNDP. In overall, decentralization has been embraced by the democratization literature as an essential concept.

Nowadays decentralization in public governance is situated in the midst of enhancing democratic voice and economic efficiency on public services. Although most of the theoretical propositions estimate the

positive effect of decentralization on both notions, empirical studies reached contradictory results on backing the theoretical premises.

With regard to the economic efficiency argument, Tiebout posited one of the earliest theoretical applications of decentralization. Tiebout (1956) argued that decentralization would contribute to the economic efficiency of public services by enhancing the competition among local administrations in attracting residents. In the so-called public choice theory, residents of localities are depicted as 'shopping' customers between different municipalities with the flexibility to choose the one with the optimal mixture of taxes and public services. This flexibility in choosing creates a competition among municipalities to provide the best services with the most reasonable amount, thus ensuring the municipalities are not wasting local resources nor overproducing public goods. The most common criticism to public choice theory is that in practice, citizens are not as mobile as the theory predicts and they are not necessarily motivated with rational choices but are bound to their social and local identities. Further theories driven from public choice theory anticipate that in the decentralized or federal systems where the competition is high, local administrations would have abilities to adopt innovative and regenerative systems fostering the economic growth (Feld et al. 2003). Musgrave (1959), on the other hand, pointed to the fact that since local administrations have better information on the needs and demand of localities, decentralization may enable increased efficiency in the distribution of public services. Building on the theses of Tiebout and Musgrave, Oates's (1972) 'decentralization theorem' argues when differences across regions are high and spillover effect is limited, decentralized authority over public goods enforces public responsiveness and brings higher efficiency. In a later account, Brennan and Buchanan's (1980) 'Leviathan hypothesis' assumes decentralization of revenue raising authority would lead to higher efficiencies in public services, and in overall limiting public sector expenditure.[2] So the economic premises of decentralization hinge on the information advantage of local government and the benefit of competition among local governments to bring higher efficiency

[2] Cassette and Paty (2010)'s findings on a panel data set of EU 15 countries contest the Leviathan hypothesis on aggregate government expenditures, by showing the tax autonomy tends to increase local government expenditures by a wide margin in the long run despite limiting central government expenditures, and thus leading to higher aggregate government expenditure.

in public services, and through which further theories assume higher return of benefits on macroeconomic stability, economic growth, size of government, income redistribution, innovation, and better quality of governance.

Notwithstanding this wide spectrum of benefits, comparative and empirical studies have failed to verify satisfactorily most of the theoretical assumptions. Especially, the impact of decentralization on economic growth still remains contested. The empirical studies are clustered in two groups in terms of their findings on individual and comparative cases. The first group (see Akai and Sakata 2002; Thiessen 2003; Stansel 2005; Iimi 2005) verified that decentralization has statistically a significant positive impact on economic growth. In opposition, the second group (see Woller and Phillips 1998; Davoodi and Zou 1998; Zhang and Zou 1998; Xie et al. 1999; Jin and Zou 2005; Baskaran and Feld 2009; Rodriguez and Ezcurra 2011) found that the impact of decentralization on economic growth is either statistically insignificant or negative under some certain conditions. The main explanation of contradictory outcomes usually relies on the differences in theoretical approaches and methodological choices.

In contrast to the economic efficiency argument, democratization argument of decentralization stems from political science theories. From the era of Tocqueville and John Stuart Mill, decentralization has often been associated with pluralistic politics and representative government. Decentralization can support democratization by giving citizens, or their representatives, more influence in the formulation and implementation of policies (World Bank 2018). The former appraises decentralization within the traditional forms of representative democracy, and here political decentralization fosters political competition in popular elections through which citizen responsiveness in public governance is enhanced (see Rudebeck et al. 1998; Whitehead 2002; Harris et al. 2004; Grindle 2007). The latter approach treats decentralization in conjunction with deliberative democracy and direct representation. The deliberative democracy theory (see Bessette 1980, 1994) suggests that consultative processes through discussions among various stakeholders are essential to enhance democracy, whereby finding solutions to common problems would be possible with limited resources and constraints (Chambers 2003). For this purpose, local governments should be free from the ties of bureaucracy and then they can be more flexible in consultation

and negotiation with local stakeholders. This way, the devised policies will be more responsive to the local needs and will address better to diverse interests in society than those made only by the political authorities (Dahl 1971). In fact, despite their different ontological origins, the democracy argument of decentralization also hinges on the importance of political competition and the information advantage brought about by the inclusion of citizens in improving public governance. The node that binds together both strands of decentralization theories is that local government should be financially and democratically dependent and accountable to local constituents.

Nonetheless, the democratization assumptions of decentralization are empirically contested as well, especially by the studies conducted in developing countries in Asia and Africa (see Smith 1985: 188–191). For instance, Oxhorn et al. (2004) found that decentralization itself does not improve democratic governance, but rather, democratic effects are shaped by (1) motivations of decentralization, (2) historical patterns of state-society relations, and (3) institutional arrangements. Other studies point out the risk of decentralization on the political capture of decision-making procedures by local elites or enforcing practices of exclusions toward certain parts of communities (see Pal and Roy 2010; Shah and Thompson 2004; Bardhan and Mookherjee 2000). Especially, in the cases where civic participation in local government is low and large inequalities in land ownership exist, interest groups and local elites may grasp the power in local governments and direct resources toward their own priorities rather than improving the provision of local public goods and poverty alleviation (Shah and Thompson 2004).

Nevertheless, the motivation of decentralization is not only limited to its structural benefits for democracy and economy outcomes. Shah and Thompson (2004) underline that short-term political considerations have been more decisive in initiating decentralization reforms rather than long-term structural benefits. As widely observed in Central and Eastern European countries, aspirations for the EU membership were substantial to implement wide-range of decentralization reforms. Also, in some other developing countries, political and fiscal crises (e.g., Indonesia, Pakistan, and Turkey) or political calculations to sideline oppositions (e.g., Poland, Peru, and Pakistan) were substantial for decentralization reforms. In relation to the political motivation of decentralization, Eaton (2001) gives three possible cases:

i. Decentralization might be a voluntary choice of politicians—it can increase political stability and economic growth in a way that compensates politicians for any loss of power they may experience in the short run (see also Manor 1999).

ii. Decentralization may result from political pressures exerted by sub-national politicians. If sub-national politicians can influence the political careers of their representatives in the national assembly, these legislators may be coerced into supporting decentralization (according to Willis et al. 1999).

iii. Decentralization may reflect short-term gains for politicians since politicians usually discount future gains heavily. When the government is divided, the party in control of the legislature may promote decentralization as a way to constrain the executive branch.

Decentralization reforms are also motivated by the external influences through globalization and information revolution (Shah and Thompson 2004). The globalization perspective relies on that nation-states are 'too small to tackle large things in life and too large to address small things'. Besides, international organizations such as WTO, UNDP, and other specialized institutions in global governance are taking profound roles in regulating the information technologies, international financial transactions, and macroeconomic management. The EU's policies and principles on subsidiarity, fiscal harmonization, and structural funds have also a direct impact not only on candidate countries but also on developing and transition economies.

When Does Decentralization Lead to Better Governance?

Today, decentralization is not only promoted as the way to reach good governance objectives but also decentralized governance is an ideal state within the governance framework (see Osborn and Gaebler 1992). This relationship between decentralization and governance can best be described as symbiotic. In other words, public governance requires decentralizing central functions to lower tiers of government as well as to non-state actors while decentralization is also associated with good governance objectives.

Therefore, it is no surprise; decentralization reforms have been implemented with the aim to develop public governance. Different theoretical

and empirical studies have proposed various hypotheses and propositions about the circumstances, which relay decentralization to better governance (see Crook and Manor 1998; Turner 1999; Campbell 2003; Olowu and Wunsch 2004; Oxhorn 2004; Saito 2005; Grindle 2007). It is evident, that empirical and theoretical studies fall short to verify all prospects of decentralization about better governance. Nevertheless, the following assumptions can be deduced on the relationship between decentralization and public governance:

1. Theories suggesting that decentralization leads to better governance anticipate a codependent relationship between citizens and local governments, where the local government relies on finance and information sources in the locality and has the discretion to act on it (Musgrave 1959; Osborn and Gaebler 1992). Residents involved in the governance process as shareholders either directly or through proxy organizations, thereby enhance the accountability, efficiency, and effectiveness in public services. Furthermore, the legitimacy of public governance is created by the mutual interaction between citizens and local government.
2. Arguments suggesting that higher decentralization indicates always better governance are far too optimistic. A more reasonable argument would suggest that both centralization and decentralization have their aptitudes for better governance (Saito 2005). From the state perspective, decentralization and centralization can be a trade-off where the former can enable more flexibility and efficiency on government services whereas the latter is important to ensure social equality and coordination among institutions. Furthermore, the effectiveness of decentralization in the provision of public goods with spillover effect can be enhanced with the presence of strong parties (see Riker 1964) or centralized political parties (see Ponce-Rodríguez et al. 2018). Yet, less party institutionalization in local government can foster the effect of decentralization in advancing participatory governance (Goldfrank 2007).
3. Decentralization serves for better engagement in governance by bringing the government services closer to citizens and promoting grassroots democracy in localities. However, in the cases of a local elite capture or a lack of civil awareness to supervise government actions, decentralization can adversely affect local governance (Prud'homme 1995; Shah and Thomson 2004). In this regard,

a certain level of social capital is imperative to ensure the monitoring of local government's action and tax revenues. Furthermore, local governance can depend on the degree of public sector modernization in the form of new techniques, and digital technologies to improve capacity and local government efficiency (see Grindle 2007; Dunleavy et al. 2005).

4. Decentralization can foster competition in public services horizontally and vertically, which is important for the quality of governance. Yet, it also entails the danger of losing coordination and creating social inequality (Kodras 1997; Prud'homme 1995), and leading to inefficiencies in public service provisions through localization of corruption, vested interests, and provincial protectionism (Tanzi 1995; Bardhan 2002; Fan et al. 2009). Many studies suggest that the presence of central authority assures the equity in service provision and macroeconomic stability (Boyne 1996; Stohr 2001). However, increased influence of central authority can impede the development of endogenous capacities at the local level for better governance. Therefore, better governance would most likely rely on a 'pareto optimum' between the central and local governments in terms of responsibilities and competencies.
5. However, the level of this 'pareto optimum' is dependent on some underlying factors. These underlying factors comprise capacities of governing organizations, socio-economic and sociocultural conditions as well as the regulatory framework (Saito 2001, 2005; Olowu and Wunsch 2004). Especially, certain organizational capacities in governing organizations are deemed necessary for the success of decentralization policies. Among others, a sufficient human capital, the means of collecting information, financial capacity, capacity to ensure proper policy design and implementation have been underscored imperative to reap the benefits of decentralization (Nannyonjo and Okot 2012; Sharma 2014). Additionally, findings suggest that sociocultural conditions and social cleavages arising from ethnic and minority-related issues are also influential on adjusting the share of responsibilities between central and local authorities (Sorens 2009; Nannyonjo and Okot 2012).

There are still many unresolved subjects about what determines the success of decentralization policies in public governance. For this reason,

decentralization can lead to unexpected outcomes, but in the meantime, it has the potential to bring increased efficiency, solidarity, and effectiveness in government services. Under these conditions, it is most important for policy practitioners to be aware of contextual conditions and to be capable to deal with what decentralization can bring. Yet, the questions still remain unsolved, 'how should policymakers decide on the degree of decentralization to ensure the best outcome in public governance?' and 'how do governance capacities affect this outcome?'

Outline of the Book

This book addresses the underlying question of 'when does decentralization lead to better governance?' by focusing on the relationship between decentralization and capacity from a public governance perspective. In the book, I address this question by bringing together diverse theoretical and empirical accounts from different fields such as public administration, public economics, management sciences, political sciences, development studies, with my empirical findings from Turkish case, primarily relying on findings from a comparative analysis in Turkish provincial municipalities. The book draws theoretically novel and policy-relevant conclusions, which would be not only for the interest of area practitioners but also a wider readership from academia, policy makers, and practitioners interested in decentralization reforms, local governance, and capacity building would find an added value in it.

There are three main reasons to consider this research problem worthy of consideration. First of all, as mentioned earlier, there is limited knowledge on the mutual implication of decentralization and capacity. It is unclear, which capacities are required in local government to have successful decentralization outcomes or how decentralization policies affect the existing capacities. It has been an under-researched area and the present literature allows limited 'generalizations' (Fiszbein 1997). Understanding the dynamics between governance capacity and decentralization is fundamental to design more effective decentralization policies and policy interventions to improve governance outcomes. Furthermore, most empirical accounts in decentralization literature rely on cross-national regressions, but country-specific institutional, cultural, and political differences impinge on drawing persuasive conclusions. Rodden (2004) states '*A more promising avenue than cross-country regressions is to approach detailed single country studies from an explicitly*

comparative perspective'. Secondly, capacity building programs are taken as subsequent actions following decentralization reforms to improve local capacities. In this respect, this research has the potential to bring new perspectives on capacity building regarding '*when to apply?*' and '*what to apply?*'. Third, this study is conducted with a governance perspective, therefore it does not only take into consideration organizational capacities, as most of the capacity assessment studies do, but it includes the endogenous capacity of locality in the assessment of governance capacities. By analyzing the capacities of local government and locality separately in relation to decentralized governance, the study brings up new insights on effective policy interventions to improve public governance.

On a more practical level, policy makers in Turkey will benefit from the findings of the study in assessing the public management reform performance of Turkey and in deciding on future policy actions. Likewise, policy practitioners in developing and transition countries will find the direct policy implications of the findings, and the recommendations on policy design particularly insightful. Furthermore, both theoretical and empirical accounts of the public management reform in Turkey are limited in English written literature. The international readers interested in the public management reforms in other countries will enjoy reading about the Turkish experience, and also will find it useful for comparative purposes.

The book is structured in four substantive chapters as well as an introduction and conclusion, which serve to contextualize the argument in relation to existing debates in public administration, economics, development, and governance literature. Chapter 2 sets out the theoretical approach, elaborates on the analytical framework, and presents the hypotheses on the relationship between decentralization and governance capacity. Chapter 3 familiarizes the reader with Turkish public administration and elaborates the public management reform process in Turkey by analyzing the reform patterns, underlying characteristics, and its implications on both state and non-state actors. Chapter 4 analyzes the implications of decentralization reforms on local government's capacities by relying on national and international accounts as well as surveys conducted with mayors and deputy mayors in provincial municipalities. Chapter 5 tests the hypotheses in the case of Turkish local government and presents the statistical findings to address the question of 'what is

the relationship between decentralization and governance capacity?'. The conclusion reflects on the generalizability of the findings and discusses the applicability of asymmetrical decentralization policies to improve public governance.

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